

P-407, 421, 520, 426, 430, 405/CP-93-615 ORDER REQUIRING COST
STUDIES AND PROPOSED RATES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm
Tom Burton
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Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition for
Extended Area Service from the
Mayer Exchange to the
Minneapolis-St. Paul
Metropolitan Calling Area

ISSUE DATE: October 18, 1993

DOCKET NO. P-407, 421, 520, 426,
430, 405/CP-93-615

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PROCEDURAL HISTORY

On July 6, 1993, the City of Mayer filed a petition for extended area service (EAS) to the Minneapolis/St. Paul metropolitan calling area (MCA). GTE-Minnesota (GTE) serves the Mayer exchange. The MCA is served by six telephone companies: US West Communications, Inc.(USWC), United Telephone Systems of the Midwest (United), GTE Minnesota (GTE), Vista Telephone Company (Vista), Scott-Rice Telephone Company (Scott-Rice), and Eckles Telephone Company (Eckles).

On July 7, 1993, the Minnesota Department of Public Service (the Department) requested GTE to file traffic studies for the Mayer to MCA route.

On August 20, 1993, GTE filed its traffic studies for the Mayer to MCA route. The studies included the months of January through July 1993.

On September 8, 1993, the Department advised that the Mayer petition meets the traffic requirement and recommended that the Commission continue processing the case.

On October 12, 1993, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

Previous Rejection of a Mayer Petition

The Commission has previously considered a petition for EAS from Mayer to the MCA. After the passage of the 1990 EAS law, Mayer

was one of eight exchanges that the Commission polled to determine whether the Mayer petition met the statute's third criterion: adequate subscriber support. The poll was conducted in 1991 and only 41.9 percent of the responding Mayer subscribers voted in favor of EAS to the MCA. Consequently, the Commission rejected EAS for the Mayer exchange in its ORDER CERTIFYING ELECTION RESULTS, issued June 26, 1991.

Under the Commission's EAS rules, two years must transpire before an exchange can again petition for the same EAS route. Minn. Rules, Part 7815.1500. The proper waiting period has been observed and the current petition is properly before the Commission.

Statutory Findings

The EAS statute provides that the Commission shall grant a request to install EAS when the following three criteria have been met:

1. the petitioning exchange is contiguous to an exchange or local calling area to which extended area service is requested in the petition;
2. at least 50 percent of the customers in the petitioning exchange make one or more calls per month to the exchange or local calling area to which extended area service is requested, as determined by a traffic study; and
3. polling by the Commission shows that a majority of the customers responding to a poll in the petitioning exchange favor its installation, unless all parties and the Commission agree that no polling is necessary. Minn. Stat. § 237.161, subd. 1(a)(1-3) (1992).

The Commission finds, on the basis of the official exchange boundary maps on file with the Department, that the Mayer exchange is contiguous or adjacent to the MCA. In addition, the Commission also finds that Mayer meets the second statutory criterion: adequate traffic. GTE's filed traffic studies show that more than 50 percent of Mayer subscribers made one or more calls per month to the petitioned area.

Cost Studies and Proposed Rates

Before proceeding to poll Mayer subscribers to determine whether the third criterion (subscriber support) will be met, the Commission will adopt EAS rates for the proposed route and include that information on the EAS ballot to give Mayer subscribers a clearer picture regarding the rate impact of implementing EAS. To assist the Commission in establishing fair EAS rates for polling purposes, the Commission will require GTE,

the telephone company serving the petitioning Mayer exchange, and the telephone companies serving the exchanges comprising the MCA to file sound cost studies and proposed rates as specified in the Ordering Paragraphs of this Order.

Lower-cost Alternative

Under the EAS law, when the petitioning exchange has requested EAS to the MCA, the company serving the petitioning exchange is required to provide a lower cost alternative to EAS. Minn. Stat. § 237.161, subd. 1 (c) (1992). Accordingly, GTE will be required to file its proposed lower-priced alternative to EAS along with its cost studies and proposed rates.

Comments

Following the filing of these cost studies, proposed rates and proposed lower-priced alternative, the Department will file its report and recommendations. Thereafter, other interested parties will have an opportunity to comment, as provided in the Ordering Paragraphs.

ORDER

1. Within 75 days of this Order, GTE Minnesota (GTE), the telephone company serving the Mayer exchange, and the six telephone companies serving the MCA [US West Communications, Inc. (USWC), United Telephone Systems of the Midwest (United), GTE Minnesota (GTE), Vista Telephone Company (Vista), Scott-Rice Telephone Company (Scott-Rice), and Eckles Telephone Company (Eckles)] shall file with the Commission cost studies and proposed rates and serve copies on the Minnesota Department of Public Service (the Department), the petition sponsor, and the other parties.
2. The cost studies and proposed rates filed pursuant to Ordering Paragraph 1 shall meet the following parameters:
 - a. The companies shall base their cost studies and proposed rates on 12 months of traffic data; if 12 months of data are not available, the companies shall annualize the data using the months they do have.
 - b. Eckles shall use its new, lower Carrier Common Line Charge (CCLC) and call recording rates that were established as a result of the Department's earnings investigation;

- c. GTE's proposed rates for Mayer subscribers shall be at least equal to, or higher than the rates in a neighboring MCA exchange; such rates may require that more than 75 percent, and up to 100 percent of the total EAS costs be recovered from the Mayer exchange; in comparing proposed rates for Mayer, the companies shall use the new rates for metropolitan exchanges that were established by the elimination of the USWC Metro Tier Rate structure; the cost studies shall indicate what percentage of the EAS costs are eventually recovered from the Mayer exchange;
 - d. the companies' proposed rates shall exclude USWC's toll contribution from ILEC to ILEC routes within the MCA;
 - e. the proposed rates for existing MCA subscribers shall meet the requirements of Minn. Stat. § 237.161 and shall use the companies' past practices for establishing EAS rate additives;¹
 - f. the cost studies and proposed rates shall include costs for the exchanges recently added, or about to be added to the MCA: Belle Plaine, Buffalo, Cambridge, Cologne, Delano, Lindstrom, New Prague, North Branch, and Waconia.
- 4. Within 75 days of this Order, GTE shall file its proposed lower-priced alternative along with its cost studies.
 - 5. Within 45 days after the cost studies and proposed rates are filed, the Department shall file its report and recommendation. If the Department recommends changes in the assumptions used in the cost studies, it shall file recalculated rates using its own assumptions.
 - 6. Parties shall have 20 days following the filing of the Department's report to file comments on that report.
 - 7. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Susan Mackenzie
Acting Executive Secretary

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¹ This requirement does not imply that the Commission is approving any particular cost of money for any company; rather, that issue will be decided upon Commission action regarding the cost studies and proposed rates.